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1. Soviet tactics believed to aid UK negotiations--According to Harriman, the British Foreign Office believes that recent Soviet attacks on the US and UK and aggressiveness in occupied countries facilitated the passage of the US loan to Britain and probably will enable the British to conclude a treaty with Egypt more favorable than the British recently had thought possible. The British feel that the Egyptians have become definitely more "reasonable" because of their increased fear and suspicion of the Soviets.

EUROPE-AFRICA

2. RUMANIA: Estimate of Soviet forces--General Schuyler, US Delegate ACC Rumania, estimates that during the past three months the Soviets have reduced their troops in Rumania from approximately 375,000 to 350,000. No marked reduction of local Red Army forces appears to be planned for the near future. Schuyler adds that Soviet air as well as ground forces appear to be disposed primarily for defensive and training purposes, but that both forces have definite offensive capabilities "of an immediate nature."
3. BULGARIA: Soviets establish controlled border zones--Allied Force Headquarters in Italy reports that the Soviet High Command has established "forbidden frontier zones" along the Bulgarian border adjoining Turkey, Greece and Yugoslavia. According to the Allied Force Headquarters report it "appears likely" that the Soviet order is intended to prevent the escape of civilian and military personnel affected by current Bulgarian purges.
4. GERMANY: Recommendation on scientists--USFET has informed the War Department that execution of the policy of denying to the Allied Powers (except the UK) direct or indirect contact with German scientists and technicians under US control in Germany and Austria is becoming "exceedingly difficult." In addition, some important scientists have already disappeared, presumably to work for the Soviets. USFET therefore recommends that the above policy of denial be abandoned, that personnel who possess special knowledge, which might be detrimental to US security, be moved with their families to the US or UK, and that all scientists who volunteer to come to the US be shipped immediately.

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5. GREECE: British view of disorders in the north--According to Ambassador MacVeagh in Athens, his British colleague attributes many of the current disorders in northern Greece to the Communist Party, and insists that "just as in Palestine" the Government cannot allow anarchy anywhere in the country, especially with a plebiscite pending. MacVeagh adds that the Greek Government will probably initiate stronger measures against armed bands in the north.
6. HUNGARY: Non-Communist declines appointment to peace mission--According to Minister Schoenfeld in Budapest it is reliably reported that the Hungarian Representative in London recently declined the appointment as Vice Chairman of the Hungarian mission to the Peace Conference on the grounds that all initiative in Hungarian affairs is now in Soviet and Communist hands and that a Communist appointee would therefore be more appropriate.
7. IRAN: Oil strike at Abadan--The British Foreign Office, according to Harriman, regards the Abadan strike as instigated by the Tudeh for political reasons. The Foreign Office is pleased with the firm stand taken by the local governor but still is pessimistic about the general situation and is casting about, "thus far without success," for a way to counter-act the present "deterioration." The Foreign Office has not discovered any connection between Communist manifestations in Iran and Communist activities in Egypt and Iraq.
US Embassy observers report that the workers have returned to their jobs in return for the release of their leaders from jail and the company's promise of sympathetic consideration of their demands. The Embassy believes that the Tudeh has overplayed its hand and that Qavam's position has in fact been strengthened.
8. UNITED KINGDOM: Labor Party mission to the USSR--Harriman reports that the Labor Party "good will mission" to the USSR, which is to depart on 28 July, is not expected to achieve "results," but is believed important as a necessary gesture of friendship. The British intend to discuss "all outstanding matters," particularly (a) Soviet propaganda attacks on Britain; (b) Socialist-Communist relations in their countries; and (c) the need to encourage exchange visits between Soviet and British workers and intellectuals.

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9. FRANCE: Delegation to peace conference--Bidault has told Caffery that he is under pressure to appoint to his Peace Conference delegation "political leaders" from the parties in his Government. For that reason he has asked Caffery whether any US political leaders (such as Senators Vandenberg and Connally) are to be part of the US delegation.
- Wage-price negotiations--Bidault has remarked to Caffery that the Government's negotiations with the CGT over the wage-price issue are not progressing "at all well." Bidault, however, expects to win out after "very hard going."
10. DENMARK: Faroes Loran station--Legation Copenhagen reports that in view of the lack of UK and Danish personnel qualified to operate the Faroes Loran station, Denmark plans to request assistance from PICAQ (Provisional International Civil Aviation Organization) until Danish operators can be trained. The Legation comments that US operating personnel would "presumably" be used, but that the Danes could counter possible Soviet objections by explaining that their employment would be the result of the action of an international organization in the interests of civil aviation (see Daily Summary of 10 July, item 6).

FAR EAST

11. JAPAN: Socialists rebuff Communists--SCAP reports that the Social Democratic party has decided to reject a Communist proposal for a leftist united front.

THE AMERICAS

12. BOLIVIA: Student demonstrations intensify unrest--Ambassador Flack reports that over a two-day period at least three people have been killed and others wounded in armed clashes between students and police. The political situation, already tense, has further deteriorated.

Flack states that the US Embassy building again was invaded by two armed policemen and that he is submitting formal protest of this recurrence of immunity violation (see Daily Summary of 17 June, item 12).

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